Registered Number 01746568

Juddmonte Farms Limited
Annual Report for the year ended 31 December 2018

Juddmonte Farms Limited

Annual Report
for the year ended 31 December 2018

Strategic Report for the year ended 31 December 2018

Review of business and future developments

The directors consider the profit and loss result, turnover and net debt (defined as cash balances less any internal and external borrowings) to be the key performance indicators for the company. The results for the group show a profit before taxation of £9.5 million (2017: £9.9 million) for the year and turnover of £68.8 million (2017: £63.6 million). The group has net debt of £51.3 million (2017: £51.8 million) and net assets, including long term balances to and from group entities, of £29.8 million (2017: £19.3 million). Turnover has increased in 2018 due to a successful year of racing, with group winners both home and abroad. Stallion nomination income increased again in 2018 as demand for the elite stallions was once again robust and as a result gross profit has grown by 13% year on year. The elite stallions continue to be popular with breeders and average stud fees have increased further in 2019.

The financial statements have been prepared on a going concern basis. The group has received an undertaking from the representative of the ultimate controlling party that for at least 12 months from the date of approval of these financial statements, funding as required by the company will continue to be made available to enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due.

As at the year end the directors considered that despite continuing uncertainty around the impact of the UK's exit from the European Union, demand for quality bloodstock remains high and the directors have a positive outlook for the company's future prospects.

Business environment and strategy

The company's client base and activities are heavily influenced by international bloodstock markets. The company strives to breed top class performing racehorses that will further enhance the broodmare band and stallion roster. This continues to be the company's primary objective and decisions on the future of the company's bloodstock herd reflect that objective.

The company is fully committed to protecting the natural surroundings in which it operates; to the health, safety and welfare of employees and visitors; and to supporting local communities. The company donates to local, regional and national charities and encourages new employees into the industry with support of Racing to Schools, the National Stud and West Suffolk apprenticeship programs.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks, including operational and financial risks.

Operational risk management

The operational risks and uncertainties relate mainly to the health and safety of horses and people together with the performance of the company's bloodstock and the risks posed by competitors within the market. The company mitigates these risks with the highest standard of equine care combined with rigorous health and safety procedures. The company also ensures that diversity in the breeding programme is maintained through the use of external stallions and the purchase of selective out-cross fillies.

Strategic Report for the year ended 31 December 2018 (continued)

Financial risk management

The company's operations expose it to degrees of financial risk that include credit risk, liquidity risk, interest rate risk, price risk and foreign currency risk.

Given the size of the company and the associated degree of financial risk, the directors have not delegated the responsibility for monitoring financial risk management. The policies set by the Board of Directors are implemented by the company's finance department.

Credit risk – Sales of bloodstock are made through reputable auction houses and thus the directors believe the company's exposure to credit risk is minimal. If horses are sold privately, funds are received prior to transfer of the horses concerned. Stallion nominations are sold to breeders but certificates of service are not released until payment is received and thus the directors consider this risk to be managed.

Liquidity risk – Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the company can meet liabilities as they fall due. The directors hold their cash in accounts with sufficient timely access to ensure this.

Interest rate risk – the company has unsecured loan stock of £53 million which is redeemable in November 2027. The £53 million of unsecured loan stock is listed on The International Stock Exchange. The rate payable is linked to LIBOR, therefore the company is exposed to interest rate fluctuations. The directors carefully monitor cash flows to ensure that the liability can be met as it falls due.

Price risk – the company is subject to price risk regarding the sale of bloodstock. Decisions regarding the sale of bloodstock are made when prices reflect the fair market value of horses.

Foreign currency risk – whilst the company makes transactions in various currencies which are subject to fluctuation, the directors seek to minimise the risk to the company's long term health by endeavouring to settle these transactions on a timely basis.

By order of the Board

M S Saunders
Company secretary
29th August 2019

Directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements of the group for the year ended 31 December 2018.

Dividend

The directors do not recommend the payment of a dividend for the year (2017: £nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

J W C Swartz
D V Erskine Crum
M S Saunders

No director had any beneficial interest in the shares of the company at any time during the year. No director had any interest in contracts during the course of the year.

Donations

The company made no political donations during the year (2017: £nil).

Going concern

The ultimate controlling party has pledged to provide continued funding, if required, to enable the company to discharge its liabilities as they arise for a period of at least twelve months from the date of approval of these financial statements. On that basis the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to believe that the going concern concept is appropriate to the company and these entity financial statements have been prepared on a going concern basis.

Events after the reporting date

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in the financial years subsequent to 31 December 2018 not otherwise disclosed in this report.

Close company provisions

The company is a close company under the provisions of part 10 of Section 384 of the Corporation Tax Act 2010.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and

Directors' report for the year ended 31 December 2018 (continued)

of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Strategic report

In accordance with Section 414C(11), information on future developments of the business and financial risk management are dealt with in the Strategic report.

By order of the Board

M S Saunders
Company secretary
29th August 2019

Independent auditors' report to the members of Juddmonte Farms Limited

Report on the audit of the financial statements

Opinion

In our opinion, Juddmonte Farms Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company balance sheets as at 31 December 2018; the consolidated profit and loss account, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

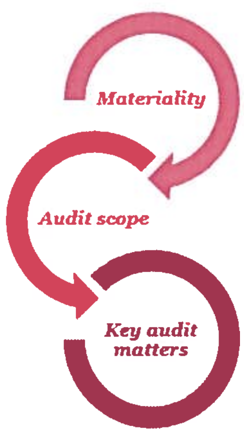
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall group materiality: £484,868 (2017: £513,947), based on 1% of total bloodstock assets.
- Overall company materiality: £484,800 (2017: £513,900), based on 1% of total bloodstock assets.

- The group has one significant component and two immaterial components. A full scope audit was performed over the single significant component within the group, being Juddmonte Farms Limited.
- Testing was performed over two additional significant financial statement line items within one of the immaterial components, being Fairlawne Estate Company Limited.

- Valuation of bloodstock (Group and company).
- Live foal provision (Group and company).
- Recoverability of intercompany debtors (Group and company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Independent auditors' report to the members of Judddmonte Farms Limited (continued)

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of bloodstock Bloodstock is measured using the cost model and is valued at the lower of cost or net realisable value. Net realisable value is assessed by external, independent valuers as at each balance sheet date and, based on their assessment using that independent valuation, the directors subsequently reflect the lower of the two values for each individual horse. Group and company	We have understood the related control environment and process for the valuation of bloodstock. We met with the director's independent specialists and understood their overall valuation methodology. We also assessed their independence, knowledge and expertise in the racing and breeding industry. We tested the application of their methodology and assessed the reasonableness of the value applied. We used professional scepticism to challenge a sample of valuations. We have performed testing over the cost of bloodstock and have agreed the external valuation of each horse back to management's records. We also tested the inclusion of the lower of cost amount or net realisable value in the financial statements.
Live foal provision Stallion nominations are provided to certain external customers on a 'special live foal' basis. If a covered mare fails to produce a live foal, the contract price is repaid. A provision is included within the accounts based on the director's best estimate of likely refunds owed in the following year. Group and company	We have understood and evaluated the process by which the directors prepare the calculation, including key estimates used. We have reviewed the total live foal provision for the prior period to assess the outcome. The key assumptions used in the calculation centre around the applied fertility rate of each stallion. In assessing the appropriateness of the directors' assumptions we compared historical accuracy of the estimated fertility rate to achieved rates and the total provision per stallion to actual refunds given.
Recoverability of intercompany debtors There are intercompany balances throughout the group which must be assessed for recoverability. Group and company	We have considered and understood the policies and processes in place around receivables provisioning, specifically the group wide approach to recoverability of intercompany balances. We have tested the intercompany debtor balance for evidence of impairments through: review of movements year on year; assessment of any overdue balances and; assessment of the terms of the lending provided. In concluding on our review, we specifically considered the ultimate controlling party's pledge of continued funding to the group.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Independent auditors' report to the members of Juddmonte Farms Limited (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£484,868 (2017: £513,947).	£484,800 (2017: £513,900).
How we determined it	1% of total bloodstock assets.	1% of total bloodstock assets.
Rationale for benchmark applied	Based on the stated primary objective of the group and the focus given to bloodstock in the annual report; total bloodstock assets is the primary measure used by the group's parent company and ultimate owner in assessing the performance of the group.	Based on the stated primary objective of the company; total bloodstock assets is the primary measure used by the parent company and ultimate owner in assessing the performance of the group.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £1 to £484,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £24,243 (Group audit) (2017 £25,697) and £24,240 (Company audit) (2017: £25,695) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider community.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Judmonte Farms Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Andy Grimbly

Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
29 August 2019

Consolidated profit and loss account

for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	5	**68,798,003**	63,572,342
Cost of sales		**(33,502,405)**	(32,359,635)
Gross profit		**35,295,598**	31,212,707
Other operating income		**440,158**	428,852
Other operating expenses		**(15,571,396)**	(17,968,627)
Net movement on bloodstock		**(8,974,661)**	(2,193,273)
Operating profit	6	**11,189,699**	11,479,659
Interest payable and similar expenses	8	**(1,693,910)**	(1,592,518)
Profit before taxation		**9,495,789**	9,887,141
Tax credit/(charge)on profit	9	**921,208**	(764,696)
Profit for the financial year	22	**10,416,997**	9,122,445

All amounts are in respect of continuing operations.

The notes on pages 15 to 38 are an integral part of these financial statements.

There is no recognised income or expenses for either year other than the profit for the financial year, consequently no separate statement of other comprehensive income has been presented.

Consolidated balance sheet as at 31 December 2018

	Note	**2018** **£**	2017 £
Fixed assets			
Tangible assets	10(a)	**15,180,945**	15,438,203
		15,180,945	15,438,203
Current assets			
Bloodstock	12	**49,884,992**	51,394,704
Stocks	13	**813,744**	856,112
Debtors	14	**40,411,110**	21,160,378
Cash at bank and in hand		**1,722,686**	1,271,700
		92,832,532	74,682,894
Creditors: amounts falling due within one year	15(a)	**(25,241,515)**	(17,737,632)
Net current assets		**67,591,017**	56,945,262
Total assets less current liabilities		**82,771,962**	72,383,465
Creditors: amounts falling due after more than one year	15(b)	**(53,015,328)**	(53,043,828)
Net assets		**29,756,634**	19,339,637
Capital and reserves			
Called up share capital	18	**60,000,000**	60,000,000
Profit and loss account	21	**(30,243,366)**	(40,660,363)
Total Equity	22	**29,756,634**	19,339,637

The notes on pages 15 to 38 are an integral part of these financial statements.

The financial statements on pages 9 to 38 were approved by the board of directors on 29 August 2019 and were signed on its behalf by:

D V Erskine Crum
Director
29th August 2019

Company balance sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10(b)	**13,536,669**	13,799,810
Investments	11	**21,100**	21,100
		13,557,769	13,820,910
Current assets			
Bloodstock	12	**49,884,992**	51,394,704
Stocks	13	**128,697**	118,537
Debtors	14	**44,226,860**	25,066,912
Cash at bank and in hand		**1,473,887**	1,168,885
		95,714,436	77,749,038
Creditors: amounts falling due within one year	15(a)	**(21,900,503)**	(14,930,693)
Net current assets		**73,813,933**	62,818,345
Total assets less current liabilities		**87,371,702**	76,639,255
Creditors: amounts falling due after more than one year	15(b)	**(53,000,000)**	(53,000,000)
Net assets		**34,371,702**	23,639,255
Capital and reserves			
Called up share capital	18	**60,000,000**	60,000,000
Profit and loss account	21	**(25,628,298)**	(36,360,745)
Total Equity	22	**34,371,702**	23,639,255

The notes on pages 15 to 38 are an integral part of these financial statements.

As permitted by section 408 of the Companies Act 2006, the company's profit and loss account has not been included in these financial statements. Of the profit for the financial year, a profit after tax of £10,732,447 (2017: £9,357,477) is dealt with in the financial statements of the holding company.

The financial statements on pages 9 to 38 were approved by the board of directors on 29 August 2019 and were signed on its behalf by:

D V Erskine Crum
Director
29th August 2019

Juddmonte Farms Limited. Registered Number: 01746568

Consolidated statement of changes in equity for the year ended 31 December 2018

	Called-up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2017	60,000,000	(49,782,808)	10,217,192
Profit for the financial year	-	9,122,445	9,122,445
Total comprehensive income for the financial year	-	9,122,445	9,122,445
Total transactions recognised directly in equity	-	-	-
Balance at 31 December 2017	**60,000,000**	**(40,660,363)**	**19,339,637**
Balance at 1 January 2018	60,000,000	(40,660,363)	19,339,637
Profit for the financial year	-	10,416,997	10,416,997
Total comprehensive income for the financial year	-	10,416,997	10,416,997
Balance at 31 December 2018	**60,000,000**	**(30,243,366)**	**29,756,634**

Company statement of changes in equity for the year ended 31 December 2018

	Called-up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2017	60,000,000	(45,718,222)	14,281,778
Profit for the financial year	-	9,357,477	9,357,477
Total comprehensive income for the financial year	-	9,357,477	9,357,477
Balance at 31 December 2017	**60,000,000**	**(36,360,745)**	**23,639,255**
Balance at 1 January 2018	60,000,000	(36,360,745)	23,639,255
Profit for the financial year	-	10,732,447	10,732,447
Total comprehensive income for the financial year	-	10,732,447	10,732,447
Balance at 31 December 2018	**60,000,000**	**(25,628,298)**	**34,371,702**

The notes on pages 15 to 38 are an integral part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2018

	Note	**2018** £	2017 £
Net cash inflow from operating activities	19	**2,629,995**	1,960,187
Net cash generated from operating activities		**2,629,995**	1,960,187
Cash flows from investing activities			
Purchase of tangible fixed assets		**(660,011)**	(1,166,428)
Proceeds of sale of fixed assets		**155,961**	149,016
Net cash used in investing activities		**(504,050)**	(1,017,412)
Cash flows from financing activities			
Interest paid		**(1,674,959)**	(1,590,695)
Net cash used in financing activities		**(1,674,959)**	(1,590,695)
Net increase/(decrease) in cash and cash equivalents		**450,986**	(647,920)
Cash and cash equivalents at 1 January		**1,271,700**	1,919,620
Cash and cash equivalents at 31 December		**1,722,686**	1,271,700

Cash and cash equivalents consist of:		
Cash at bank and in hand	**1,722,686**	1,271,700
Cash and cash equivalents	**1,722,686**	1,271,700

The notes on pages 15 to 38 are an integral part of these financial statements.

Company statement of cash flows for the year ended 31 December 2018

	Note	2018 £	2017 £
Net cash inflow from operating activities	19	**2,358,705**	2,300,408
Net cash generated from operating activities		**2,358,705**	2,300,408
Cash flows from investing activities			
Purchase of tangible fixed assets		**(519,373)**	(1,080,568)
Proceeds of sale of fixed assets		**137,945**	148,416
Net cash used in investing activities		**(381,428)**	(932,152)
Cash flows from financing activities			
Interest paid		**(1,672,275)**	(1,586,741)
Net cash used in financing activities		**(1,672,275)**	(1,586,741)
Net increase/(decrease) in cash and cash equivalents		**305,002**	(218,485)
Cash and cash equivalents at 1 January		**1,168,885**	1,387,370
Cash and cash equivalents at 31 December		**1,473,887**	1,168,885

Cash and cash equivalents consist of:		
Cash at bank and in hand	**1,473,887**	1,168,885
Cash and cash equivalents	**1,473,887**	1,168,885

The notes on pages 15 to 38 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2018

1 General Information

Juddmonte Farms Limited ('the company') is involved in farming, breeding, boarding and racing of thoroughbred bloodstock. The company is located in the United Kingdom.

Juddmonte Farms Limited is a private company limited by shares and is incorporated and domiciled in England (United Kingdom). The address of its registered office is Banstead Manor Stud, Cheveley, Newmarket, Suffolk, CB8 9RD.

Juddmonte Limited owns 100% of the equity share capital of Juddmonte Farms Limited.

These financial statements are the company's statutory financial statements for the financial year beginning 1 January 2018 and ending 31 December 2018.

2 Statement of Compliance

The consolidated and company financial statements of Juddmonte Farms Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

Basis of accounting
The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain bloodstock to reflect the net realisable value.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going concern
The ultimate controlling party has pledged to provide continued funding, if required, to enable the company to discharge its liabilities as they arise for a period of at least twelve months from the date of approval of these financial statements. On that basis the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to believe that the going concern concept is appropriate to the company and these entity financial statements have been prepared on a going concern basis.

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Summary of significant accounting policies (continued)

Consolidated financial statements
The consolidated profit and loss account and balance sheet include the results of the company and its subsidiaries, Fairlawne Estate Company Limited, Eagle Lane Farm Limited and The Banstead Manor Stud Limited made up to 31 December each year. Intra group sales and profits are eliminated on consolidation and turnover and profit/(loss) figures relate to external transactions only. Accounting policies are applied consistently throughout the group.

Foreign currencies
Functional and presentation currency
The company's functional and presentation currency is the pound sterling.

Transactions and balances
Foreign currency transactions during the year are translated into the functional currency at the prevailing rate on the date of the invoice.

At the end of each financial year foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses are presented in the profit and loss account within 'Foreign exchange (loss)/gain expenses'.

Revenue recognition
Turnover, which is stated net of discounts and value added tax, represents amounts received or receivable for goods and services provided in the normal course of business, together with net race winnings received or receivable.

Nomination income (Stud) is recognised in the period when the service has been provided to the customer. An appropriate provision is made to reflect any refunds that may be payable.

All prizemoney (Racing) earned from racing activities are recognised as revenue once the race has concluded. Transactions are settled by the British Horseracing Authority via Weatherbys Bank.

The company sells bloodstock (Stud and Racing) via public auction houses, private sales or to other Group companies. For auction sales, turnover, net of commission, is recognised on the fall of the hammer, and settled no sooner than thirty five days following the end of the sale. Private sales are recognised once cleared funds have been received.

Farming income represents the invoiced value of goods and services applied derived from farming and associated activities and rental income from property.

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Summary of significant accounting policies (continued)

Employee benefits
The company provides a range of benefits to employees, including short term employee benefits such as paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

Short term employee benefits
Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service.

Post-employment benefits
Defined contribution plan
The company operates a defined contribution plan for eligible staff. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the company in independently administered funds. The pension costs charge represents contributions payable to the fund by the company. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are included in accruals in the balance sheet.

Taxation
Income tax expense for the financial year comprises current tax recognised in the financial year.

Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current tax assets and liabilities are not discounted.

Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years of the stud farm and farming activities. Racing activities are not subject to taxation. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Summary of significant accounting policies (continued)

Tangible assets
Tangible assets are stated at historic purchase cost less accumulated depreciation and accumulated impairment losses (where applicable). Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs.

Land and buildings
Land and buildings include freehold buildings, fencing and drainage, road construction and improvements to property. Land and buildings are carried at cost less accumulated depreciation and accumulated impairment losses (where applicable).

Plant and machinery, office equipment and motor vehicles
Office equipment comprises office equipment and furniture and fittings.

Plant and machinery, office equipment and motor vehicles are carried at cost less accumulated depreciation.

Depreciation and residual values
Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method over their estimated useful lives, as follows:

Freehold and improvements to land and buildings	2%
Plant & Machinery	20%
Motor vehicles - operating vehicles	25%
Motor vehicles - other	17.5% for the first four years, 7.5% for the next four years
Furniture and fittings	10%
Computer equipment	20%

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

Derecognition
Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Borrowing costs
All borrowing costs are recognised in profit or loss in the financial year in which they are incurred.

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Summary of significant accounting policies (continued)

Leased assets
Operating leases
Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Investments
Investments are stated at historic purchase cost less any accumulated impairment losses.

Stocks
Stocks, which are valued by professionally qualified independent farm valuers, are stated at the lower of cost and net realisable value. The cost of crops and produce in store and home produced livestock is determined by the cost of production. The cost of purchased livestock, fertilisers, sprays, seeds, feed, fuel oil and stores is based on purchase price. Cultivations are calculated by reference to Central Association of Agricultural Valuers statistics.

Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for the costs of realisation.

Bloodstock
Bloodstock is measured using the cost model.

Stallions, stallion shares and broodmares are included at the lower of cost or net realisable value. Horses in and out of training, youngstock and foals are included at the lower of cost or net realisable value. Net realisable value is assessed by independent professional valuers.

All stallions, stallion shares and broodmares are depreciated on a straight line basis so that they will have a book value of nil at the end of the year in which they reach fifteen years of age. If they are purchased when they are thirteen years of age or more, they are depreciated on a straight line basis over three years.

The cost of each year's mating for all in foal mares, which represents prepaid production expense at 31 December of that year, is calculated by aggregating a year's depreciation of the mare, the cost of keep of the mare from 1 October and a year's depreciation of the stallion share, or proportion of depreciation of the stallion or cost of nomination, as appropriate. This calculated cost is added to the net book value of the mare and the aggregate is compared with the net realisable value of the in foal mare at the year end. The cost of foals born consists of the cost of the previous year's mating, as above, increased by the cost of keep of the mare for the period to weaning, which is assumed to be 1 October, and by the cost of keep of the foal for the period from 1 October. The cost of foals is not depreciated.

The cost of yearlings and youngstock consists of the cost of foals born in previous years, increased by the cost of keep until the earliest of the date of transfer into training or 30 June of the year in which the horse reaches two years of age. No depreciation is charged, until retirement as a broodmare or stallion, when depreciation on a straight line basis as above will be applied.

Financial instruments
The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Summary of significant accounting policies (continued)

Financial assets
Basic financial assets, including trade and other debtors and cash and cash equivalents are initially recognised at transaction price (including transaction costs). Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial liabilities
Basic financial liabilities, including trade and other creditors, bank overdrafts and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Debt instruments are measured at the present value of future payments, discounted at LIBOR plus 2.5% using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital
Ordinary shares are classified as equity.

Related party transactions
The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separated disclosure is necessary to understand the effect of the transactions on the Group financial statements.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical judgement in applying the entity's accounting policies

There are no critical judgements.

Notes to the financial statements for the year ended 31 December 2018 (continued)

4 Critical accounting judgements and estimation uncertainty (continued)

(ii) Critical accounting estimates and assumptions

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) *Live foal provision*
The majority of stallion nomination contracts are sold on a "special live foal" basis, with payment due on 1 October in the year of covering. If a mare fails to produce a healthy foal, then the contract price paid will be refunded. Therefore, at the year end, a calculation of the estimated refunds is required. In performing this calculation, consideration is given to such factors as the current levels of barren mares, prior year's history and age of the stallion. See note 15a for the net carrying amount of the live foal provision.

b) *Impairment of assets*
The directors make an assessment at the end of each financial year of whether there is objective evidence that any assets are impaired. When assessing impairment of an asset, the directors consider factors including the current credit rating of debtors, historical experience of cash collections from debtors, market conditions impacting bloodstock and property, and recent health and performance of bloodstock. See notes 10 to 14 for the net carrying amounts of assets.

5 Turnover

The company has one operating segment, namely Bloodstock.

The Chief Operating Decision Maker is the Owner.

Analysis of turnover by category for the group:

	2018	2017
	£	£
Stud	**50,620,022**	53,008,265
Racing	**16,697,154**	9,247,658
Farming	**1,480,827**	1,316,419
	68,798,003	63,572,342

Notes to the financial statements for the year ended 31 December 2018 (continued)

5 Turnover (continued)

Analysis of turnover by geography for the group:

	2018	2017
	£	£
United Kingdom	44,302,998	45,233,659
Continent of Europe	23,995,005	15,150,430
North America	500,000	3,000,000
Rest of World	-	188,253
	68,798,003	63,572,342

6 Operating profit

The operating profit is stated after charging/(crediting) for the group:

	2018	2017
	£	£
Wages and salaries	3,877,763	4,242,613
Social security costs	414,572	455,356
Other pension costs	203,275	284,549
Total staff costs charged to profit and loss	4,495,610	4,982,518
Loss on disposal of fixed assets	103,297	2,858,941
Depreciation of tangible fixed assets	864,605	898,560
Operating lease charges	19,300,000	21,775,000
Foreign exchange losses/(gains)	91,848	(10,301)
Fees payable to the Company's auditors and its associates for the audit of the Company and the Group's consolidated financial statements	51,897	52,476
Fees payable to the Company's auditors and its associates for other services:		
- the audit of the Company's subsidiaries	10,400	10,100
- Tax compliance services	4,241	3,968
Total amount payable to the Company's auditors and its associates	66,538	66,544

Notes to the financial statements for the year ended 31 December 2018 (continued)

7 Employees and directors

Employees
The average monthly number of persons employed (including directors) by the Group and Company during the year was:

	Group 2018 No	Group 2017 No	**Company 2018 No**	Company 2017 No
Stud	**50**	56	**50**	56
Administration	**31**	34	**30**	33
Farm	**8**	9	**-**	-
	89	99	**80**	89

Directors
The directors' emoluments for the group were as follows:

	2018 £	As restated 2017 £
Aggregate emoluments	**745,425**	816,242
Company pension contributions	**2,850**	18,250

Post-employment benefits under defined contribution pension schemes are accruing to 1 director (2017:1).

The prior year figures have been amended to reflect the actual payments made related to that year.

Highest paid director
The highest paid director's emoluments in the group were as follows:

	2018 £	As restated 2017 £
Aggregate emoluments	**402,208**	489,753

The prior year figures have been amended to reflect the actual payments made related to that year.

Key management compensation
Key management of the group includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2018 £	As restated 2017 £
Salaries and other short-term benefits	**1,186,662**	1,296,270
Post-employment benefits	**23,920**	38,806
	1,210,582	1,335,076

The prior year figures have been amended to reflect the actual payments made related to that year.

Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Net interest expense

Group

Interest payable and similar expenses

Interest on financial liabilities not measured at fair value through profit and loss:

	2018 £	2017 £
Interest expense on unsecured loan notes	**1,693,910**	1,592,518
Total interest payable and similar expenses	**1,693,910**	1,592,518

9 Tax on profit on ordinary activities

Group

A breakdown of the taxation figure for the year is as follows:

	2018 £	2017 £
UK Corporation tax on profit for the year	273,532	764,696
Deferred tax	(1,194,740)	-
Tax (credit)/charge on profit on ordinary activities	**(921,208)**	764,696

Trading losses of £6,637,447 are available to be carried forward for relief of future profits (2017: £15,991,651).

Notes to the financial statements for the year ended 31 December 2018 (continued)

9 Tax on profit on ordinary activities (continued)

Reconciliation of tax expense

Tax assessed for the year is lower (2017: lower) than the standard UK Corporation tax rate of 19% (2017: 19.25%)

The differences are explained below:

	2018	2017
	£	£
Profit on ordinary activities before taxation	**9,495,789**	9,887,141
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	**1,804,200**	1,903,275
Effects of:		
Expenses not deductible for tax purposes	**202,397**	685,894
Profit on racing activity	**(2,059,663)**	(840,612)
Bloodstock tax differences	**1,532,341**	1,045,994
Tax losses utilised	**(1,163,596)**	(1,985,601)
Deferred tax asset recognised at 18% (Note 16)	**(1,194,740)**	-
Difference between capital allowances and depreciation	**(42,147)**	(44,254)
Total tax (credit)/charge for the year	**(921,208)**	764,696

Reductions in the main rate of corporation tax from 20% to 19% from 1 April 2017 to 31 March 2020 and then from 19% to 18% from 1 April 2020 were announced in the July 2015 budget and substantively enacted on 26 October 2015. In the March 2016 budget it was announced that the rate from 1 April 2020 will be further reduced to 17%. This has not yet been substantively enacted. Closing deferred tax balances have been calculated accordingly.

Notes to the financial statements for the year ended 31 December 2018 (continued)

10 Tangible assets

a) Group

	Freehold and improvements to land and buildings	Plant and Machinery	Motor Vehicles	Furniture and fittings	Computer Equipment	Total
	£	£	£	£	£	£
At 31 December 2017						
Cost	25,108,323	2,132,910	881,864	1,025,076	1,762,335	30,910,508
Accumulated depreciation	(10,630,144)	(1,766,449)	(699,439)	(883,568)	(1,492,705)	(15,472,305)
Net book amount	**14,478,179**	**366,461**	**182,425**	**141,508**	**269,630**	**15,438,203**
Year ended 31 December 2018						
Opening net book amount	14,478,179	366,461	182,425	141,508	269,630	15,438,203
Additions	216,340	214,906	112,779	27,845	88,141	660,011
Disposals	-	(959)	(51,076)	(217)	(412)	(52,664)
Depreciation	(458,351)	(187,240)	(86,145)	(31,356)	(101,513)	(864,605)
Closing net book amount	**14,236,168**	**393,168**	**157,983**	**137,780**	**255,846**	**15,180,945**
At 31 December 2018						
Cost	25,324,663	2,307,738	723,445	944,712	1,840,941	31,141,499
Accumulated depreciation	(11,088,495)	(1,914,570)	(565,462)	(806,932)	(1,585,095)	(15,960,554)
Net book amount	**14,236,168**	**393,168**	**157,983**	**137,780**	**255,846**	**15,180,945**

Notes to the financial statements for the year ended 31 December 2018 (continued)

10 Tangible assets (continued)

b) Company

	Freehold and improvements to land and buildings	Plant and Machinery	Motor Vehicles	Furniture and fittings	Computer Equipment	Total
	£	£	£	£	£	£
At 31 December 2017						
Cost	21,824,640	1,484,680	646,305	686,337	1,748,909	26,390,871
Accumulated depreciation	(8,801,343)	(1,143,347)	(521,932)	(645,160)	(1,479,279)	(12,591,061)
Net book amount	**13,023,297**	**341,333**	**124,373**	**41,177**	**269,630**	**13,799,810**
Year ended 31 December 2018						
Opening net book amount	13,023,297	341,333	124,373	41,177	269,630	13,799,810
Additions	156,224	214,131	49,100	11,777	88,141	519,373
Disposals	-	(959)	(40,100)	(217)	(412)	(41,688)
Depreciation	(388,698)	(171,956)	(66,192)	(12,467)	(101,513)	(740,826)
Closing net book amount	**12,790,823**	**382,549**	**67,181**	**40,270**	**255,846**	**13,536,669**
At 31 December 2018						
Cost	21,980,864	1,658,733	474,275	589,905	1,827,515	26,531,292
Accumulated depreciation	(9,190,041)	(1,276,184)	(407,094)	(549,635)	(1,571,669)	(12,994,623)
Net book amount	**12,790,823**	**382,549**	**67,181**	**40,270**	**255,846**	**13,536,669**

11 Investments

	Company 2018	Company 2017
	£	£
Investment in subsidiaries at cost	**21,100**	21,100

This represents the company's 100% interest in the allotted share capital of Fairlawne Estate Company Limited, Eagle Lane Farm Limited and The Banstead Manor Stud Limited (see note 24).

The directors believe that the carrying value of investments is supported by the underlying net assets of those companies.

Notes to the financial statements for the year ended 31 December 2018 (continued)

12 Bloodstock

Group and Company

(i) Stallion syndicate Shares

Net Book Value

	2018 £	2017 £
At 1 January	**124,755**	153,255
Additions	**45,679**	-
Depreciation/Capitalisation	**(22,653)**	(28,500)
At 31 December	**147,781**	124,755

(ii) Stallions

Net Book Value

	2018 £	2017 £
At 1 January	**1,200,450**	1,440,450
Disposals	**(50)**	-
Depreciation	**(240,000)**	(240,000)
At 31 December	**960,400**	1,200,450

(iii) Broodmares

Net Book Value

	2018 £	2017 £
At 1 January	**24,769,539**	25,843,184
Additions	**14,646,186**	2,350,000
Transfers	**(7,469,018)**	(6,228,079)
Disposals	**(3,361,938)**	(1,779,463)
Depreciation/Capitalisation	**3,100,070**	4,869,884
Alignment to net realisable value	**(1,653,916)**	(285,987)
At 31 December	**30,030,923**	24,769,539

Notes to the financial statements for the year ended 31 December 2018 (continued)

12 Bloodstock (continued)

(iv) Foals

Net Book Value

	2018 £	2017 £
At 1 January	**6,450,272**	5,687,111
Additions	**840,000**	75,000
Transfers	**1,080,378**	695,820
Disposals	**(41,364)**	(27,063)
Capitalisation	**637,525**	647,500
Alignment to net realisable value	**(414,252)**	(628,096)
At 31 December	**8,552,559**	6,450,272

(v) Youngstock

Net Book Value

	2018 £	2017 £
At 1 January	**17,056,603**	8,686,760
Additions	**162,750**	11,802,865
Transfers	**2,567,211**	2,762,406
Disposals	**(7,804,362)**	(5,422,097)
Capitalisation	**838,075**	863,450
Alignment to net realisable value	**(5,416,428)**	(1,636,781)
At 31 December	**7,403,849**	17,056,603

(vi) Horses in Training

Net Book Value

	2018 £	2017 £
At 1 January	**1,793,085**	2,088,251
Additions	**905,000**	-
Transfers	**3,821,429**	2,769,853
Disposals	**(2,701,418)**	(2,301,617)
Alignment to net realisable value	**(1,028,616)**	(763,402)
At 31 December	**2,789,480**	1,793,085

(vii) At 31 December

	2018 £	2017 £
Total cost of bloodstock	**87,517,959**	89,308,903
Depreciation	**(26,244,638)**	(30,304,926)
Alignment to net realisable value	**(11,388,329)**	(7,609,273)
Total net book value	**49,884,992**	51,394,704

Notes to the financial statements for the year ended 31 December 2018 (continued)

13 Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Livestock	**34,732**	47,010	-	-
Tenant rights and cultivations	**181,806**	162,456	-	-
Crops in store	**428,062**	495,056	**82,557**	81,058
Fertilisers, feed and sprays	**132,944**	129,302	**19,635**	25,307
Other stocks	**36,200**	22,288	**26,505**	12,172
	813,744	856,112	**128,697**	118,537

There is no significant difference between the replacement cost of stocks of finished goods and their carrying amounts.

Stocks are stated after provision for impairment of £nil (2017: £nil).

14 Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	**10,540,234**	7,927,161	**10,432,900**	7,895,758
Amounts owed by group undertakings	**25,915,503**	11,078,019	**25,915,503**	11,078,019
Amounts owed by fellow subsidiaries	-	-	**4,331,288**	4,331,288
Other debtors	**1,569,575**	39,461	**1,541,688**	17,423
Prepayments and accrued income	**2,385,798**	2,115,737	**2,005,481**	1,744,424
	40,411,110	21,160,378	**44,226,860**	25,066,912

The amounts owed by subsidiaries comprise advances to Eagle Lane Farm Limited £52,819 (2017: £52,819) and Fairlawne Estate Company Limited £4,278,469 (2017: £4,278,469). The amounts owed by group undertakings include Juddmonte Farms Ireland Limited £18,215,651 (2017: £3,353,538), Juddmonte Farms (East) Limited £4,736,402 (2017: £2,690,350) and Juddmonte Limited £2,963,450 (2017: £5,034,131).

All amounts owed by subsidiaries and other group undertakings are unsecured, interest free and no fixed terms for repayment have been set, but all amounts are due within one year.

Trade debtors are stated after provision for impairment of £nil (2017: £nil).

Notes to the financial statements for the year ended 31 December 2018 (continued)

15 Creditors

a) Amounts falling due within one year:

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Trade creditors	**1,857,868**	1,160,783	**1,549,990**	873,395
Amounts owed to group undertakings	**19,511,163**	11,097,548	**16,492,037**	8,616,400
Amounts owed to subsidiaries	**-**	-	**20,000**	20,000
Taxation and social security	**203,357**	589,913	**194,000**	580,099
Accruals and deferred income	**3,669,127**	4,889,388	**3,644,476**	4,840,799
	25,241,515	17,737,632	**21,900,503**	14,930,693

Trade creditors include £30,631 (2017: £31,940) in respect of outstanding contributions to the company's defined contribution pension plan.

Accruals and deferred income of both group and company include the live foal provision with a net carrying amount of £2,336,625 (2017: £3,473,750).

Amounts owed to subsidiaries and group undertakings are unsecured, interest free and no fixed terms for repayment have been set, but all amounts are due within one year.

b) Amounts falling due after more than one year:

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Unsecured loan stock	**53,000,000**	53,000,000	**53,000,000**	53,000,000
Trade creditors	**15,328**	43,828	**-**	-
	53,015,328	53,043,828	**53,000,000**	53,000,000

The unsecured loan stock was issued in November 2017 is redeemable in 2027 and the rate of interest on these loan stocks is LIBOR plus 2.5%.

Trade creditors represent the purchase of a grain storage facility in 2014 with repayment terms spread over seven years.

16 Deferred taxation

Provided:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trading losses carried forward	**(1,194,740)**	-	**(1,194,740)**	-
	(1,194,740)	-	**(1,194,740)**	-

A deferred tax asset has been recognised on trading losses in these financial statements, calculated at 18%, as it is likely that these losses will be fully utilised in the next two years.

Full potential asset:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	**(177,862)**	(230,029)	**(71,468)**	(117,775)
Trading losses carried forward	**(1,733,599)**	(2,977,920)	**(1,194,740)**	(2,463,714)
Full potential asset	**(1,911,461)**	(3,207,949)	**(1,266,388)**	(2,581,489)

During the year, the relevant deferred tax balances have been re-measured. The United Kingdom main corporation tax rate changed to 19%. The rate reduces to 17%, effective 1 April 2020

17 Financial instruments

The Group and the company have the following financial instruments:

(i) Financial assets that are debt instruments measured at amortised cost:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	**10,540,234**	7,927,161	**10,432,900**	7,895,758
Amounts owed by group undertakings	**25,915,503**	11,078,019	**25,915,503**	11,078,019
Amounts owed by subsidiary	-	-	**4,331,288**	4,331,288
Other debtors	**183,489**	160,917	**163,390**	153,475
Cash at bank and in hand	**1,722,686**	1,271,700	**1,473,887**	1,168,885
	38,361,912	20,437,797	**42,316,968**	24,627,425

Notes to the financial statements for the year ended 31 December 2018 (continued)

17 Financial instruments (continued)

(ii) Financial liabilities measured at amortised cost:

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Trade creditors	**1,857,868**	1,160,783	**1,549,990**	873,395
Amounts owed to group undertakings	**19,511,163**	11,097,548	**16,492,037**	8,616,400
Loan from holding company	**880,116**	880,116	**-**	-
Other creditors	**1,314,281**	1,398,143	**1,303,131**	1,361,949
	23,563,428	14,536,590	**19,345,158**	10,851,744

18 Called up share capital

Group and company

	2018 £	2017 £
Authorised:		
60,000,000 (2017: 60,000,000) Ordinary shares of £1 each	**60,000,000**	60,000,000
Allotted, called up and fully paid:		
60,000,000 (2017: 60,000,000) Ordinary shares of £1 each	**60,000,000**	60,000,000

19 Notes to the statement of cash flows

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Profit before taxation	**9,495,789**	9,887,141	**9,811,239**	10,122,173
Net interest expense	**1,693,910**	1,592,518	**1,691,226**	1,588,564
Operating profit	**11,189,699**	11,479,659	**11,502,465**	11,710,737
Depreciation	**864,605**	898,560	**740,826**	766,937
Loss/(profit) on disposal of fixed assets	**(103,297)**	2,858,941	**(96,257)**	2,859,541
Decrease/(increase) in bloodstock	**1,509,712**	(7,495,693)	**1,509,712**	(7,495,693)
Tax paid	**(850,502)**	(500,000)	**(850,502)**	(500,000)
Working capital movements:				
Decrease/(increase) in stocks	**42,368**	(56,716)	**(10,160)**	38,907
Increase in debtors	**(17,743,718)**	(5,695,036)	**(17,652,934)**	(5,415,696)
Increase in creditors	**7,721,128**	470,472	**7,215,555**	335,675
Net cash inflow from operating activities	**2,629,995**	1,960,187	**2,358,705**	2,300,408

Notes to the financial statements for the year ended 31 December 2018 (continued)

20 Analysis of changes in net debt

	At 1 January 2018 £	Cash flows 2018 £	**At 31 December 2018 £**
Cash in hand and bank	1,271,700	450,986	**1,722,686**
Debt due after one year	(53,043,828)	28,500	**(53,015,328)**
	(51,772,128)	479,486	**(51,292,642)**

21 Reserves

	Company profit and loss account £	Group profit and loss account £
At 1 January 2018	(36,360,745)	(40,660,363)
Profit for the financial year	10,732,447	10,416,997
At 31 December 2018	**(25,628,298)**	**(30,243,366)**

22 Reconciliation of movements in shareholders' funds

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Opening shareholders' funds	**19,339,637**	10,217,192	**23,639,255**	14,281,778
Profit for the financial year	**10,416,997**	9,122,445	**10,732,447**	9,357,477
Closing shareholders' funds	**29,756,634**	19,339,637	**34,371,702**	23,639,255

Notes to the financial statements for the year ended 31 December 2018 (continued)

23 Capital and other commitments

The company is committed to sponsor the Juddmonte International Stakes at York in 2019 at a cost of £360,000 and sponsorship of the Middle Park, Cheveley Park and Royal Lodge Stakes at Newmarket from 2019 to 2020 at a total cost of £350,000.

The group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Not later than one year	**1,250,000**	16,250,000	**1,250,000**	16,250,000
	1,250,000	16,250,000	**1,250,000**	16,250,000

There were no contingent liabilities as at 31 December 2018 (2017: £nil).

24 Subsidiary companies

The company owns 100% of the allotted share capital of the following companies, all of which are incorporated in the United Kingdom and registered in England and Wales:

Name	**Registered Office**	**Nature of business**
Fairlawne Estate Company Limited	The Estate Office, Fairlawne Estate, Shipbourne, Tonbridge, Kent, TN11 9RT	Farming
Eagle Lane Farm Limited	Banstead Manor Stud, Cheveley, Newmarket, Suffolk, CB8 9RD	Dormant
The Banstead Manor Stud Limited	Banstead Manor Stud, Cheveley, Newmarket, Suffolk, CB8 9RD	Dormant

Notes to the financial statements for the year ended 31 December 2018 (continued)

25 Related party transactions

During the year the following transactions were undertaken by Juddmonte Farms Limited and its subsidiary, Fairlawne Estate Company Limited, with other companies that are under common control. All transactions were in the ordinary course of business and at fair value.

	2018 £	2017 £
a) JUDDMONTE FARMS LIMITED		
Juddmonte Farms Inc.		
Sale of bloodstock	**13,006,250**	16,475,000
Purchase of bloodstock	**14,846,186**	1,550,000
Lease of stallions	**19,300,000**	21,775,000
Management charge by Juddmonte Farms Limited	**636,574**	755,973
Sale of boarding services	**206,969**	208,000
Juddmonte Limited		
Management charge by Juddmonte Farms Limited	**86,052**	99,022
Juddmonte Farms Ireland Limited		
Purchase of boarding services	**2,441,804**	2,374,913
Management charge by Juddmonte Farms Limited	**195,586**	231,171
Sale of bloodstock	**13,775,000**	9,050,000
Purchase of bloodstock	**-**	10,300,000
Sale of boarding services	**15,900**	9,325
Juddmonte Farms (East) Limited		
Purchase of bloodstock	**-**	1,200,000
Sale of bloodstock	**925,000**	1,435,000
Sale of nominations	**685,000**	475,000
Management charge by Juddmonte Farms Limited	**48,613**	57,690
Sale of boarding services	**187,450**	140,950
Aralon Advisory Services Limited		
Management fees charged by Aralon Advisory Services Limited	**549,400**	483,500

Notes to the financial statements for the year ended 31 December 2018 (continued)

25 Related party transactions (continued)

a) JUDDMONTE FARMS LIMITED (continued)

The amounts owed to subsidiaries relate to The Banstead Manor Stud Limited £20,000 (2017: £20,000). The amounts owed to group undertakings relate to Insite Development Company Limited £2,598,036 (2017: £2,042,125), Aralon Advisory Services Limited £183,090 (2017: £86,525) and Juddmonte Farms Inc £15,849,921 (2017: £8,088,782).

The amounts owed by subsidiaries comprise advances to Eagle Lane Farm Limited £52,819 (2017: £52,819) and Fairlawne Estate Company Limited £4,278,469 (2017: £4,278,469). The amounts owed by group undertakings include Juddmonte Farms Ireland Limited £18,215,651 (2017: £3,353,538), Juddmonte Farms (East) Limited £4,736,402 (2017: £2,690,350) and Juddmonte Limited £2,963,450 (2017: £5,034,131).

	2018	2017
	£	£
b) FAIRLAWNE ESTATE COMPANY LIMITED		
Insite Development Company Limited		
Loans advanced by Insite Development Company Limited	**668,000**	605,000
Aralon Advisory Services Limited		
Management fees charged by Aralon Advisory Services Limited	**50,600**	40,000

The amounts owed to group and related companies relate to a loan from Juddmonte Limited £880,116 (2017: £880,116).

Balances due to and from group and holding companies as at 31 December 2018 and 2017 are reported under notes 14 and 15.

Under the terms of the tenancy agreement between Fairlawne Estate Company Limited and Insite Development Company Limited, a company under common control, no rent was paid during the year.

Notes to the financial statements for the year ended 31 December 2018 (continued)

26 Ultimate holding company and controlling party

The directors consider that the company's ultimate holding company is Juddmonte Limited, which is registered in Guernsey.

The ultimate controlling party is K. A. Abdulrahman.